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Korean Affairs Report

(FOUO 3/82)



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KOREAN AFFAIRS REPORT

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S. KOREA/POLITICS AND GOVERNMENT

ECONOMIC MALAISE, WORKERS' FLIGHT, DISAFFECTION REPORTED

Tokyo SEKAI in Japanese Feb 82 pp 171-179

[Article by T.K.: "Undiminishing Light"-News from ROK]

[Excerpt] Reports of a dark economic situation continue. The reports say that the "hemorrhage of exports" of important industrial products such as color television sets, passenger cars and cement continues at prices ranging from 42 to 73 percent of the cost of production. The newspapers say that from January through October of 1981, payments on interest on foreign debt alone reached \$2.8 billion, and that this is an increase of 43 percent over the previous year. In addition, the trade deficit in 1981 will reportedly reach \$5 billion.

"The hemorrhage of exports" is having its effect upon the domestic market prices of manufactured products. These prices are two or three times the price of exports. The dollars earned through exports are cycled to pay for imports, and the price of imported products has to be high.

Furthermore, in the midst of recession and inflation, the number of unpaid bills is increasing. The amount of defaulted notes in October was 8.8 billion won, the highest total recorded in 1981. Meanwhile, wage increases in 1982 will reportedly be held down to 10 percent, but inflation will be in excess of 30 percent. What is to be done about this discrepancy?

Although the price at which the government buys rice will be raised 14 percent, the price of fertilizer is rising rapidly. It is an extremely high, 68 percent higher than the international price. Because of this, even the newspapers finally could not stand by without raising the alarm over the situation. The chemical fertilizer plant is, so to speak, the illegitimate offspring of the multinational corporations. The agricultural cooperatives are under obligation to take 90 percent or more of the plant's production and have guaranteed a profit of \$2 million per year for 15 years. Gulf Oil and the others which invested \$10 million on the basis of this guarantee have already gotten a "return" which totals three times their investment. Furthermore, since the facilities are old and cannot export, there is excess production. Because of conditions such as these, the multinational corporations do their utmost all over the world to support corrupt regimes which make such profits possible. They also approach politicians in their own countries to get them to support these regimes.

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Thus the farmers and the common people must weep over poverty and inflation. Furthermore, it is reported that because of the shortage of government funds, even the government's rice purchases are not moving forward and the farmers, suffering under the burden of the agricultural cooperatives' debts, have begun to sell rice at a loss. There has been whispering in the streets about whether it is possible to get safely through next spring in this economic situation. Because of this, the government is nervous about moves by the workers. The government has continued its large-scale arrest and imprisonment, mostly out of concern that the intellectuals, and particularly the students, might spark activity on the part of the workers.

The insecurity of the Chun Doo-hwan faction in this situation seems to be beyond imagination. It is said that the members of the faction have made it known to those around them that their very lives are at stake. Their rule is rooted in insecurity and fear of the people. Therefore they cannot make calm, rational decisions. Also, they try to make the people afraid and unable to make rational decisions.

One old person who was daring enough to retire commented deplorably on the situation as follows:

"They mobilized the newspapers and used many beautiful words. They promised not only liberation from war and poverty but also liberation from political oppression. But, in fact, the oppression only increases. Most incidents go entirely unreported. When it seems this might be the case, once in a while they give only a brief report that students at some university have been sentenced for so many years in connection with a demonstration. They pretend that in doing this they are even reporting demonstrations. Their propaganda says that the rice harvest is good this year. In fact, however, even the government admitted that the harvest will not be as great as the average yearly harvest for the past 5 years. They said they would provide scholarship money for one-third of the college students, but in fact they have merely exempted one-tenth of the students from half of their fees. Since this is supported not by government subsidies but by the students themselves, it amounts to nothing more than taking away an amount equivalent to 5 percent of the fees paid by other students. Their propaganda says that they have liberalized student exchange and study abroad. Actually, they have suppressed both completely and are merely sending training groups abroad for short periods every now and then for the sake of political show.

"Everything runs this way. Possibly because they are military people, they want to say their tactics have succeeded when there are temporary results from their propaganda. They ordered compulsory admission of an additional 30 percent over the authorized number of students and were threatening to make this excess 'drop out' before graduation. At this time, however, they are reportedly letting the universities handle this because the matter seemed about to become a social problem. If there are more than the authorized number of students at graduation time, the excess students are to be given a 'certificate of completion of studies.' How does that differ from a diploma? Furthermore, it is said that in order to eliminate even a few more students from the 30 percent, strict political surveillance is carried on and students are expelled from the universities if they utter even a word of complaint. This is excessively irrational and arbitrary. It is like what was done under imperial Japanese rule, when people

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were punished immediately if they inadvertently started to speak Korean. I do not know what to call this unheard-of sort of politics and education. There is probably nothing to call it except gang rule."

The old man went on to say that it "is truly absurd" that in addition to everything else, at the end of last year when prices were rising the government raised the charges for railway and other public services across the board, and because of the increased service charges, the prices of manufactured products rose.

"Our pocketbooks are certainly suffering because the regime continues to waste money. In Korea, politics usually came first and the economy came afterward. Politics did not support the economy. But this Chun faction is even worse. Overseas, the situation is that politics has been the salesman for economics. At this time Korea certainly needs flexible democratic politics for the sake of its economy, but the politics are a complete mess. Korea is like Poland, full of contradictions.

"The more the Chun faction does, the worse the problems become. The system of having students in excess of the authorized studentbody drop out of the universities seems to have failed. On the grounds of preparing for the Olympics, they have imposed stiff penalties for throwing away cigarette butts or being careless about street-crossing regulations. This seems to be something they learned from Singapore; nothing of this sort has been done in this country for a long time. They have been pushing the police by assigning quotas for cases, but this will break down, too. There is no instance where a measure of this kind has been continued by the government when there is no cooperation at all from the people.

"The government says it will abolish the evening curfew, which has existed from just after liberation up to the present, and it will begin a system of local autonomy. These are benefits given to the people in an attempt to win popularity. They say they will change the things which have been necessary up to now to maintain a dictatorial regime. They think that if they do not do this they will not retain power. One wonders, however, how long things which are supposed to be changed will go on. Just when it seems they will make the change, they always create a 'crisis' and the change is reversed overnight. Local autonomy and so forth will probably end up as nothing but empty words. If this happens, there will be further resentment that the promise was nothing more than shouting. In fact, given the situation in the farm villages, I do not know what would happen if local autonomy did come about. If, however, local autonomy is not put into effect, there may be another explosion. On the other hand, the government says it will intensify the "Semaui" movement (this means 'new village'). The president has appointed his own brother Kim Kyong-hwan as director of this movement. To talk about simultaneously having liberalization and compulsory organization is to make promises which are filled with contradictions. It is a case of being wrong whichever way they go. Disorder will set in while they alternate between loosening and tightening up. Disorder will result from challenges from outside. It is said that in 1979 Chun originally conferred with No T'ae-wu (commander at the time of the then 9th Division) and brought about the coup d'etat when he heard, just after Pak Chong-hui's death, that he was to be demoted from chief of security to Paek Yong-to (a small island facing the northern part of the west coast).

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Furthermore, he made a mess with the butchery in Kwangju. There was absolutely no vision and no political ability or firm intention. New corpses are still being found at Kwangju. Although the people of the city openly criticize Chun and his faction as though the town were a liberated zone, there is no way for them to take action. This could suddenly become the atmosphere all over the country. I have a feeling there would be no way for the United States or others who have completely supported the gang to save it."

It seemed as though the old man could go on indefinitely. In fact, at this time, rather than concentrating its power on shifting to implementation of any progressive program, the Chun faction is afraid of a popular uprising and is throwing all its effort into policies to counter such a rising. However, it is not conceivable that means other than oppression by physical means would be effective. Therefore they are most afraid that the workers will join together with the intellectuals and students. The Chun faction may have learned this from the situation in Poland. In this context they fabricated the so-called "National Democratic Labor Federation" and "National Democratic Student Federation" incidents, which involved mainly the Kwang Min Sa publishing house.

Of course, the several thousand students who were driven out of the universities and the students who were imprisoned and released have not been given a normal place to work. They go into the factories and the farm villages. They must do this even to secure a minimum daily subsistence. The labor unions are either languishing or under the government's influence. The intellectuals who up to this point had expressed interest in labor problems have become silent. Because of this, the young students go into the factories with the idea of enduring the suffering of the workers. They will share their awareness of the problems with the workers who have already begun to be fully aware.

In the case of the So T'ong wig factory, there were 900 workers, mostly female. Until March 1980 their wages started at 1100 won per day (a daily wage of 380 yen) for an average of 12 to 14 hours of work a day. Then, in April 1981, job action for a 30-percent increase in wages was started, but when the police intervened, just as it seemed that the issue had been settled at 23 percent, the leaders of the union were arrested on the grounds that hard-line bargaining with the company president was an act of violence. The union paper Sang Nok Su was declared illegally published material. In this way, eight persons were charged, incarcerated and tortured severely. Included among these eight persons was Yi Mok-hi, who had been driven out of the Planning Experts Committee of the headquarters of the Textile Worker's Union. He was said to have violated the article concerning "Prohibition of Intervention by Third Parties" in labor movements because he explained to the women workers the "Demand for Increased Wages," which was an official publication of the union, and because he was involved in manuscripts for Sang Nok Su. This is the first case of a violation of the "Prohibition of Intervention by Third Parties" in the labor law devised by the Chun faction.

In her appeal, the wife of Chong Sun-hi asked whether workers have the opportunity to receive education and the right to hold dialogue with someone to receive advice. She pleaded as follows:

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"Is it intervention by third parties when scholars write books about labor questions, when professors write on labor questions in the newspapers, when people with brothers and sisters who are workers discuss labor issues or when pastors hold a dialogue with workers in order to do missionary work in industry?"

I have in my possession an appeal by Chong Sun-hui which says: "Why must workers starve because of the law?" This is an appeal published by a woman who had formerly worked at Sam Rip Foods because she had been put out of the company on allegations of violating the "Labor Standards Act." I will cite a section in which she describes the environment at Sam Rip Foods, where several thousand people are employed.

"Excessively harsh wage levels and verbal abuse are common. In summer, the workplace is a steam bath without a single fan. In winter, the room temperature is as low as in a refrigerator room. The roof leaks terribly and machines are used to bail out the water. Even now the floor is such that the workers have to stop working sometimes so that the water can be cleared out. Because the sanitary facilities are too terrible for a food company, the company was cited by the city of Seoul last September for poor sanitary conditions. The people from the Labor Ministry who came to investigate saw the 'dormitories which are like chicken coops' and went so far as to say, 'Sam Rip Foods must be called to account for this.' This incident tells what our working conditions are like."

Far from rectifying this situation, the Chun faction regime has cooperated in driving out the defenseless workers because they resisted these conditions. Therefore, when they say "the welfare of the people is the building of the nation" and "all harmony among the people," one must wonder what on earth their intentions are. Even though they would consolidate their own power by rectifying this sort of situation, it appears that they may take sadistic pleasure in keeping the workers' dissatisfaction at the exploding point and keeping it in check with bloody repression.

The appeal continues as follows concerning the circumstances in which the petition had to be made to the Ministry of Labor.

"For 2 weeks last May, the 450 workers in the Ice Foods Department were made to work 12 hours a day. In June, however, when the rains suddenly came, the workers were sent home almost every day. When we went to work through the thunder at 10 pm, soaked by the pouring rain, we were sent home. When we came in at 4 am we were sent home. When we came in at 6am, rubbing our eyes in the dawn, we were sent home. Since when this happened our wages were cut to 60 percent, our daily wage dropped from 2079 won (about 670 Japanese yen) to about 1200 won. Subtract 300 to 400 won in transportation expenses from it...what is left? It should have been possible to tell us in advance so that we could save this transportation expense. Going out through the company gates, soaked in the evening rain, I felt as though my heart would break when I thought of the loyal workers who are always make to come to work only to be sent home. However, when the rains ended, the 12-hour operation began in such heat that it was hard to breathe. There were no fixed mealtimes. We were given a meal at around 9 am and we got a meal about 5 pm, but we ate in shifts. It was more like stuffing in our food on the run than like eating."

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This is behind the propaganda, "Health First, Sam Rip Foods." If a worker complains to the Ministry of Labor about the situation, the Ministry of Labor gives the worker's name to the company and the worker is fired. Because of this, Chong had to cry out: "This is the Fifth Republic, which said that the workers who sweat would be given the price of their sweat and that a just society where law and order are preserved would be built. Would the just society and the welfare state we are seeking be blind to the illegal actions of the company, which was wealth and power, and trample in this way upon the workers who made their appeal in an orderly way?"

This woman worker has resolutely decided that she cannot be silent in a situation in which, as the proverb says, "the law is far away and the fist is close by." What will happen to this woman next? Will it be terrifying violence or imprisonment? This should be watched.

In Pusan, 15 Young people who belonged to the Good Books Union were arrested. A look at the indictment of one of these persons shows that he had an interest in labor movements and had read improper literature. Included in this improper literature were many publications which formerly had been published in Korea and publications concerned with economics which had been published in Japan. Even "What Is History?" by E.H. Carr was among the improper literature. A look at the facts in the indictment shows that the charge was merely that by putting together 10,000 or 20,000 won from club dues, into which they each paid 1,000 won a month, and from the salaries of those who were teachers, four or five persons would get together, read the so-called improper literature and discuss the political situation. The charge says that the person must be imprisoned on the grounds that prior to January of this year the meetings constituted "assembly without permission of the martial law authorities," and in February and thereafter, when martial law had been removed, the meetings became "assemblies which were cause for concern about social unrest."

Countless people have been tried by laws which no one outside the group which made the laws would accept. Then propaganda use has been made of such incidents by labelling them communist, when possible.

A fact which to some extent may have been touched upon earlier is that the "secret" document, "The Existence of Procommunist Students and Organizations with Rebellious Ideologies as Seen in the Course of Investigations and Trials Involving Leftist Incidents at Universities," which was produced by the "Section for Research into Students' Ideology, Ministry of Education" in nearly every instance labels as communist those incidents which even the courts did not find communist. Let me give just two very brief explanations from "Assumption of Leftist Perceptions and Course of Criminal Actions" which is a record of the "Mu Rim Incident" at Seoul University.

(3) Hyon Mu-hwan:

--Came from the household of a civil servant who had seven children; because he was poor, earned his school money by home tutoring from his junior high school days.

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--Immediately after entering Seoul University in March 1977 joined the club, "The Society for the Study of Economics in Less Developed Countries" and in the process of reading such books as "Theory of an Age of Transition" by Yi Yong-hi "What Is History?" by E.H. Carr, "Tonghak and the Tonghak Rebellion by Kim Sang-ki, "A History of Social Thoughts" by Watkin, "Studies of the Development of Capitalism" by Maurice Dobb, came to perceive that the proletarian movement, which is the main element in history, is necessary, and became devoted to socialist ideology.

--In August 1978, joined the "77 Student Guard Underground Organization" and took a positive part in activities.

(4) Nam Myong-su:

--Was the second son in the family of an educator who had two sons and three daughters; entered Seoul University (Linguistics) in April 1977 and left off his studies in October 1980 when he was in his fourth year.

--His father was a promoter of education and his mother was a teacher at a state school.

--From his infancy he grew up in impoverished surroundings and developed a deep dissatisfaction with the social system in which the difference between rich and poor is conspicuous. Then, in April 1977, at the urging of an older graduate of his high school, he joined a club, "The Historical Friendship Society," at school and, through reading subversive books such as "Reason and Revolution" (Marcuse) and "Theory of the Development of Capitalism" (Sweezy), came to harbor ideas of substantive resistance to the system.

In the document, the "philosophy of the proletariat" has become "a transformed Christian ideology which was first introduced by the Reverend Pak Hyong-kyu in the 1970's." The document ignores or distorts the commonly known fact that the philosophy of the proletariat was not introduced from the outside but is a philosophy which developed in the midst of South Korea's struggle for democratization and was transmitted to the world outside. The document also ignores the fact that Reverend Pak is not the philosopher who proposed the philosophy of the proletariat. The document says that a report which called upon "Beloved Comrade Kim Il-song" was sent north in the name of "The Central Committee of the Preparatory Committee of the South Korean People's Liberation Front." The document includes the full text of such a report. The fact is, however, that it was not proven in court that such a report was sent and the allegation was completely denied. The method is the same as in the case of the poet Kim Chi-ha, in which a government document was distributed which labelled the man a communist but which bore no relation to what happened in court.

The document also goes on at length about the so-called "assumption of leftist perceptions and courses of criminal actions" of Mr Yi T'ai-Pak who had managed the Kwang Min Sa. The newspapers in Korea cannot report a word about his trial. I would, however, like to quote what was said by the mother of this man who was imprisoned, tortured and convicted in court.

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"I am very grateful that I have a proud son. The newspapers in this country cannot report a word on this trial. I would like more people to know the truth about this incident. I would like to have this made known extensively overseas."

The Imprisoned

The situation of those who are in prison this winter is miserable. They worry whether they will safely survive the winter.

There is a rumor that Kim Dae-jung may be released sometime but that at that point he will probably be in a condition from which he can no longer recover. The remains of Yi Chae-mun, who was imprisoned and sentenced to death in the incident of the so-called "South Korean People's Liberation Front," were turned over to his family after he reportedly died of illness on 22 November. The funeral was held on 24 November and there was a great deal of suspicion about the cause of his death. His family was not told even the name of his illness. One of the persons imprisoned in the Kwangju incident suffered paralysis over half his body and his mind was impaired. It is said that his family met with physicians and his illness was acknowledged but he was not moved to the sick ward.

Although the number of political offenses is rising sharply and treatment for these offenses is extremely cruel, South Korean newspapers report that the Reagan administration has announced: "The current situation in South Korea in connection with the question of human rights has recently improved greatly." Indignantly wondering what sort of farce is going on, the families of the conscientious offenders have tried to organize prayer meetings but have been prevented by the police. Therefore, in October these families issued a statement saying: "Confine all of us." Also, on 4 December they issued an appeal on "Approaching Human Rights Week." In this appeal they again criticized the Reagan administration's support for the Chun government and "approval of the movement of troops under the command of joint Korean-U.S. headquarters" in the Kwangju incident. They also criticized the position taken by the Japanese Government in using the excuse that it did not know whether the text of the judgment against Kim Dae-jung was genuine.

The appeal by the families of the conscientious offenders on 14 December, which was sent "to all Christians in Korea and abroad" and which said, "We wish to worship," was a thoroughly poignant appeal. It lamented the fact that it was prohibited even to hold a Friday prayer service to think and pray about spouses and children in prison, sick and suffering in the cold. The Friday prayer service is a prayer service which was continued under the Pak regime to the very end. An executive in the Ministry of National Security and Plans (the former KCIA) is said to have arrogantly remarked that, of course, "if the Friday prayer service were allowed, not only the families of those in prison but also the families of expelled students, teachers and workers and even the families of former politicians and government officials would probably join in."

The families' struggle for the Friday prayer service is amazingly strong. On the day selected, the authorities were to keep the families under surveillance beginning at 4 am, when the evening curfew is lifted, and to restrain them by violent force. Therefore, the families stayed over from the day before in a Christian assembly hall. On Friday the police were everywhere inside and outside the Christian assembly hall. What happened then, on 26 November, was such an

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uproar that the wife of Professor Yi Mun-yong was knocked down and her teeth broken. It seems that in this harsh winter the wives have been trying to wage a mortal struggle for freedom of worship.

The Catholic churches in Kwangju reportedly send constant letters of appeal for release of political prisoners. The mass for human rights celebrated on 7 December in the Catholic churches of Kwangju was heavily attended. Because of this, agents have also been regularly stationed in the Roman Catholic churches. It is said that 17 agents move in and out of Kwangju and elsewhere and that 11 are always at their posts. In Mokp's, too, the pastors of Protestant churches were rounded up and beaten. The reason for this is not known, but it is speculated that intimidation was the purpose.

For some reason or other, the Victory Union of the United Churches was recently ordered disbanded. Since the union was not very popular, it would seem that the Chun faction was trying to show publicly that it had washed its hands of the union. A journalist friend commented as follows about the recent situation:

"Because neither exports nor domestic sales are doing well, firms are troubled by accumulating inventories. The labor problems are by no means normal. Japan is probably going to assist this tyrannical regime with \$6 billion. Japan has its own interests in doing this. Nevertheless, things will probably still be bad. The people have no faith at all in the regime. The regime made much of its economizing on state expenditures by eliminating the posts of high-ranking officials. In fact, however, they forced out old people and installed young substitutes in whom they have a stake. Everything runs this way. The regime also drove poor people out in the middle of winter by tearing down shanties on the grounds that they were unauthorized buildings. This is the first time a government has been this cruel. Why would the government carry out such a heartless act when no previous government did such a thing in midwinter? Probably, only as a show of strength.

"In the organs of public expression, the gang from the Ministry of Security and Planning has moved in and is in place at the bureau chief level. There is no reason to expect that these people can administrate. They sit around and sleep. The people who were drawn over to the government from Toyo Television and Toa Broadcasting are now the most capable people at the government's Central Television. Central Television collects a viewing charge and makes commercials, so it can use money freely. Still, since the people who work there would always rather take other jobs if they had them, morale is not high. This can probably be said of all the officials. The faction is like oil floating on water. Therefore, while on the one hand they repress expression of ideas, on the other they give out candy. They provide many benefits for their first-line reporters, whose children's school bills are paid if they simply submit a voucher. Money is generously available for scholarships, trips abroad and so forth. How long can the regime stay in power when it does such things?

"In October, the families of the conscientious offenders met with the U.S. ambassador to Korea. Reportedly, throughout the meeting the ambassador consistently explained that "America does not have influence over the Government of South Korea." The families said that America had acquiesced in the butchery at Kwangju and pressed the ambassador by asking whether the U.S. Embassy did not

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maintain silence about the appeal made by the people of Kwangju to the U.S. Government and did not approve of the attack by the army. The ambassador evaded the question by saying that he had not been present at the time, but reportedly his face became red and he was irritated by the question. He says that he does not like to hear people say, 'Yankee go home,' but he probably will not be able to avoid hearing it now.

"Recently, a new warden is said to have taken over at the Ch'ongju prison and the treatment of Kim Dae-jung reportedly has suddenly become worse. Kim is allowed only one interview a month. He is given only three blankets. And so it goes."

There is no end to stories like these. Many young people who have gone underground are not stopping their activities. I wish sincerely to ask assistance for these people from their friends abroad. There are also problems with legal expenses for criminal offenses. At half the regular legal fee, about 500,000 won (about 160,000 yen) was paid for the first hearing, and reportedly 300,000 won was paid at the time of the appeal.

I would like to relay one more poignant appeal to our friends abroad. I wrote somewhat along this line earlier, but a plaintive appeal from a mother will come closer to the heart.

Her son Kwon Un-song is a physically disabled person who contracted infantile paralysis when he was 3 years old. In 1975 he was expelled from the university for leading a demonstration; he joined the United Socialist Party and advanced to the position of chief of the Labor Bureau. Just after the incident at Kwangju, in resentment at the holding of the Miss Universe Contest in Seoul, he complained: "What good is a beauty contest at a time like this?" A friend replied: "It would be good if someone threw a bomb." Simply because this exchange took place, he was sentenced by a military court to 10 years in prison. Two witnesses testified in the court martial, but they were completely disregarded. In April of this year he was subjected to a gang attack by the jailers at Taejon prison. His teeth and his back were broken. He is still suffering from the aftereffects and a complete recovery will be difficult. It is said that the paralysis in the lower part of his body could be extended to his whole body. Nevertheless, he is not allowed even to put on a single sweater in the harsh winter cold. The mother is crying at this cruel treatment.

As I send you New Year's greetings at the beginning of 1982, I would like to quote for you one or two paragraphs from the latest letters from Kim Dae-jung to his wife.

The chrysanthemums are in full bloom where I go out for exercise, but they have only yellow flowers. The flowers I remember bloomed only after a great deal of hard work was done on them, but they were full of life and lasted nearly a month longer than other flowers. This cheers me and makes me grateful. Whenever I touch flowers, I remember contemplating the flowerbeds at home. When you send me news of the flowers, I see them in my mind's eye. Nostalgia fills my heart. There are also times I think very fondly about the dog, Torutoruri. (From the opening paragraph of the letter dated 28 October 1981)

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I learned from your letter that the flowers in the beds at home have all died out. The flowers here at the prison were finished long before the 20th. But I recall about 20 plants which still retain their beauty and to which the bees still come. While I consider anew how much significance the devotion and love of a person has for a flower, I consider again how much more meaningful it is in the case of human beings, where ambition and emotion are at work. As you know, I have read many literary books and I continue to read good literary works. "The Old Man and The Sea," "For Whom the Bell Tolls," "Farewell to Arms," "A Streetcar Named Desire" (he lists 50 Korean and foreign titles; the list is abbreviated here) and other such good literature serves as lubricating oil which revives dried up emotions and gives vitality and resilience to the psyche. I think that particularly for people of the older generation, like you and me, it is very necessary to revitalize our souls with good literature so that we will have the flexibility of soul to adapt ourselves to the radical changes of the times and be able to understand the thinking of the younger generation and our countrymen. I have listed the names of these books to recommend them to you. (From the letter dated 27 November 1981)

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S. KOREA/ECONOMY

FIVE-YEAR PLAN, \$6 BILLION LOAN REQUEST ANALYZED

Tokyo TOYO KEIZAI in Japanese 16 Jan 82 pp 64-65

[Text] A year has passed since the birth of South Korea's Chon Tu Hwan government. Despite initial fears, it achieved a degree of stability and in January it lifted the midnight curfew. Amid such a situation, it is fervently seeking a huge \$6 billion in aid from Japan.

Cleanliness Highly Assessed

The aim of the Chon Tu Hwan government, domestically, has been the realization of socialism and, externally, the raising of South Korea's international status. In the area of internal politics, in the name of social purification it has curtailed the activities of some 600 politicians and dismissed 5,000 public service employees, thereby raising the banner of social justice and impressing the people with clean government.

Another move was to implant a sense of confidence in President Chon through the arrest of President Chon's cousin, who was implicated with a group of swindlers, and the ouster of Pak Sei Jik, the capital city security commander and President Chon's righthand man.

In foreign relations, President Chon's concrete moves are highly assessed. In February 1981, he visited the United States and met President Reagan shortly after the latter's inauguration, and a decision was made against the pullout of U.S. ground forces from South Korea. In June, he visited the ASEAN nations and strengthened economic relations, including those on arms exports, thereby laying the ground for elevating the ROK's international status.

President Chon's political stance is also exemplified in the cabinet lineup. Contrary to early expectations of a military government, he installed a cabinet with emphasis on expert political and economic figures.

Its link with economic quarters is said to be marked by fairness. Equidistant policies are adopted toward financial groups.

With the public acceptance of such a just political stance, the Chon government's foundation has attained greater stability. In particular, in order to avoid any long-term rule, he personally set the president's term of office as 7 years, enacted a constitutional provision against reelection, and made sure that a president could not undertake a constitutional revision by himself. This was intended to show that he had no intention to hold onto power indefinitely. Thus, President Chon has been able to gain the people's trust.

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Emphasis on Exports Unchanged

On 21 August 1981, the delayed public announcement of the Fifth Economic Social Development 5-Year Plan was made. Its major characteristics are conversion from high growth to stable growth and from a government-led economy to a private sector-led economy.

While the third and fourth plans placed top priority on growth, the fifth plan's basic goals are "stability," "efficiency" and "balance," with the word "growth" omitted. While the past goals were an economic growth rate of 10 percent or above, the GNP growth rate under the fifth plan is set at 7.6 percent real annual growth. In recognition of the evils of structural inflation, the first half of the period represents an adjustment period, and starting in the second half, attempts will be made to achieve a "second leap."

For realization of the "second leap," the key point seems to be "efficiency," including improved productivity and rationalization of management. For this reason, self-aid by the private sector is encouraged.

However, the basic strategy of an export-oriented economy by means of heavy chemical industrialization remains unchanged. The average annual growth by industry is as follows: agriculture and fishery, 2.6 percent; social, indirect capital service, 7.3 percent; manufacturing, 11.0 percent; and a projected high growth of 12.1 percent for the heavy chemical industry.

In exports, a high average annual growth of 20.3 percent is envisioned, climbing from 21 billion dollars in 1981 to 53 billion in 1986. By type of export items, the annual growth rate for light industrial products is 16.1 percent, and for heavy chemical industrial products, 25.7 percent. Thus, efforts are made to maintain an economic development that is primarily export-oriented on the basis of the heavy chemical industrial area.

Key Economic Indicators of the Fifth 5-Year Plan

Item	Unit	1980	1986	Rate of average annual increase, 1982-1986 (%)
GNP	Won, in trillions	35.0	53.7	7.6
Same	Dollar, in 100 million	574	900	7.6
GNP per capita	Dollar	1,506	2,170	5.9
Industrial structure				
Agriculture & fishery	%	16.9	14.8	2.6
Mining	"	30.7	35.0	10.8
Manufacturing	"	29.4	34.0	11.0
(Light industry)	"	(45.5)	(42.0)	9.5
(Heavy chemical)	"	(54.5)	(58.0)	12.2
(Machinery)	"	(16.7)	(22.6)	17.6
Social indirect capital & others	"	52.4	50.2	7.3

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Top Priority for Machinery Industry Development

Even under the Fifth 5-Year Plan, the greatest effort is placed on the development of the machinery industry. The government considers that the problems of employment and the international balance of trade in the eighties would be unresolvable unless the machinery industry were fostered internationally.

In the course of the Fifth 5-Year Plan, the growth rate of the machinery industry is the highest, with a real annual growth of 17.6 percent. Machinery exports are estimated to climb from \$2.9 billion in 1981 to \$3.26 billion in 1986. The average annual growth during the period of the fifth plan is extremely high--31.5 percent. There are great hopes for machinery as the future export strategy industry.

In the 1970's, the electronic industry and shipbuilding spearheaded the development of the machinery industry. In the fifth plan, for the flourishing of general machinery, in which huge investments have been made, the aim is to develop it as an export industry. In the period of the fifth plan, it is noted that among export items, the annual growth rate for general machinery is estimated at 43.5 percent. Compared to the growth of electronic/electric products with 25.3 percent and transport machinery's 35.3 percent, it can be seen that emphasis will be on general machinery.

The machinery industry has profound overtones of an arms industry. In order to foster the machinery industry, including the general machinery industry, South Korea constructed the Changwon machinery industrial base during the period of the fourth plan. This base is said to be the fortress for arms production. General machinery requires huge investments, has a long period of gestation, and the recovery of investment can be difficult. It has been said that these are large factors in the stagnation of South Korea's economy. The purpose of President Chon's ASEAN visit, it is said, was to help restore the economy through arms exports. In the industrialization of general machinery for exports the development of the arms industry lies in the background.

Background of the \$6-Billion Loan

During the Japan-RCK foreign ministers' conference in August 1981, South Korea asked for a huge public loan of \$6 billion over the 5-year period of the fifth plan. This amounts to an annual average of \$1.2 billion, or fourteenfold over the actual FY-80 record of \$86 million. Why is South Korea seeking such a huge loan?

South Korea is staking its economic recovery on the Fifth 5-Year Plan. However, because of the enormous burden of defense costs, it is beset by a lack of economic development funds. South Korea's defense costs amount to 6 percent of GNP, which is more than 35 percent of the national budget. On the other hand, economic development funds come to only about 20 percent of the budget. As a result, it hopes to obtain \$46.5 billion from foreign sources for the fifth plan, but with foreign debts of \$30 billion outstanding up to 1980, it finds it difficult to raise the huge amount.

For the Chon Tu Hwan government, economic recovery is the most important subject, and it must successfully implement the fifth plan. But economic recovery is unachievable unless some of the burden of defense costs is diverted to economic recovery. It would even like to ask Japan to assume the burden of defense costs. But since Japan cannot be asked to assume such a burden in view of Japan's situation, it hopes to have Japan assume the burden of security in the form of economic cooperation.

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Japan finds this hard to accept because of the huge sum and the security treaty issue, but it might be willing to loan up to \$3.5 billion, it is said. However, South Korea remains adamant. One story is that it is backed by the United States which is displeased with Japan's defense buildup.

At the same time, it is said that actual power in the Chon government is held by the non-Japanese speaking "Hangul" generation. They harbor strong anti-Japanese sentiments and are said to be steadfast in their demand for a \$6 billion loan.

The Japanese side has shown some tendency toward concessions, but a minor one would probably be rejected. This is because the \$6 billion Japanese loan is counted upon in the fifth plan.

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